

**Deloitte.**



**CFA Society Emirates  
Debt restructuring themes**

28 & 29 January 2018

Deloitte Professional Services (DIFC) Limited

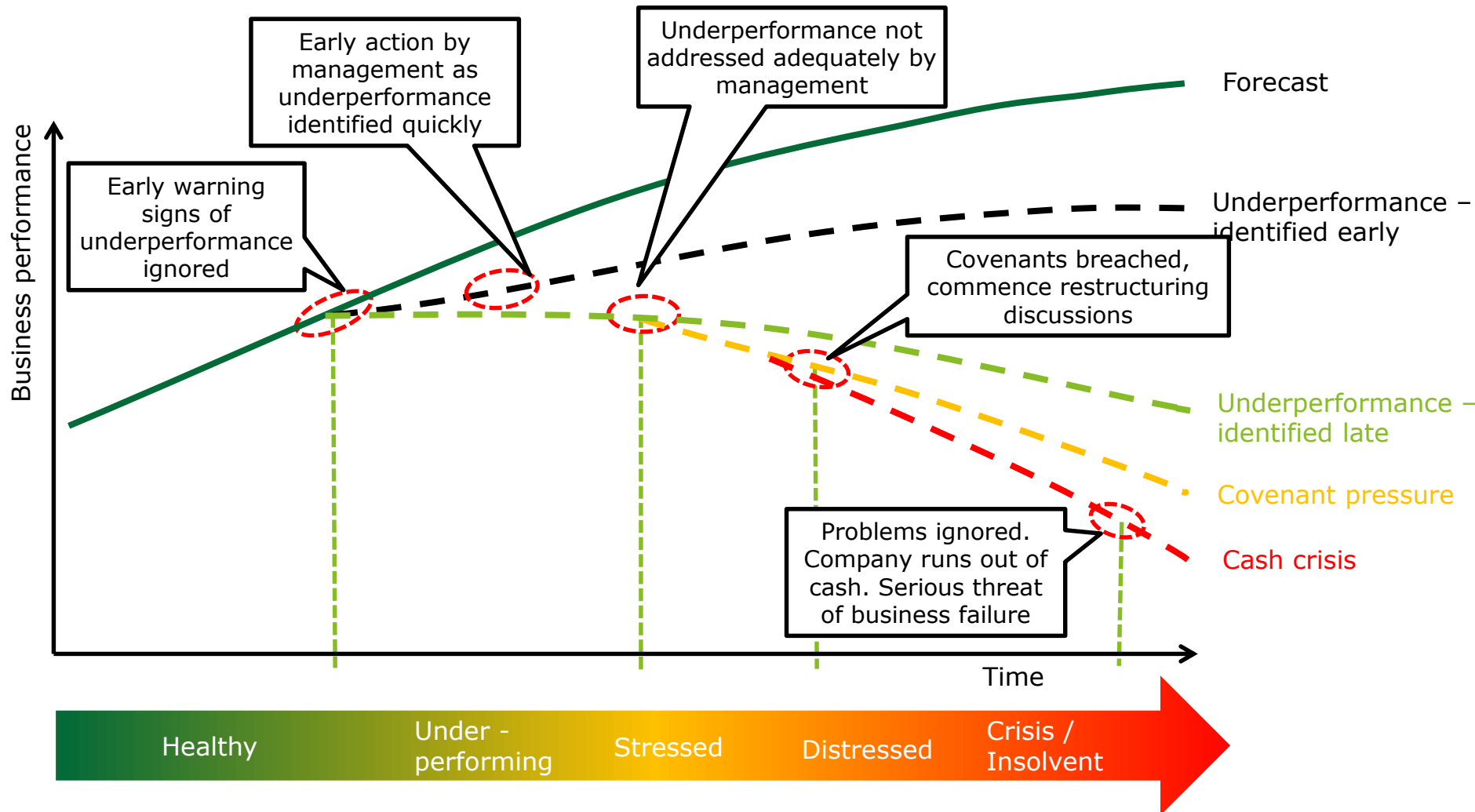


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# Financial Restructuring – when?

The options available for a successful outcome and future value of the business greatly diminish as the situation becomes more critical



# Financial Restructuring – why?

Restructuring can be undertaken in a variety of business situations

Interest or principal payment default	Excessive cash tied up in working capital	Group reorganisation
Changing market and macro-economic conditions	Forecast or actual covenant breach	Business performance behind plan
Changes in Central Bank reporting requirements	Additional finance needed to support growth	Over leverage

*Early identification of the need to undertake a financial restructuring greatly enhances the options available for a **successful outcome** as well as the future value of the business*

# Financial Restructuring - market themes

These challenges are already manifesting in the market



**Low and volatile  
oil prices**



**Governments  
putting on  
hold/deferring  
mega projects**



**Banking liquidity**



**Increased lender  
scrutiny and  
higher borrowing  
cost**



**FX rates**



**Tourism / retail**



**VAT**



**Changing market  
participants**

# Financial restructuring – trends

**Often no consensus**

**Long restructuring negotiations**

**No deals**

**Amend & extend**

# New insolvency law - introduction

01

## 29 December 2016

New Insolvency Law effective from 29 December 2016

02

## Four main processes, across 230 articles

New insolvency law includes 230 articles and covers four insolvency processes

03

## Repeal of the bankruptcy chapter

Repeal of the bankruptcy chapter in the Commercial Transaction Code (255 articles) which had never been used due to the uncertainty in what might happen given how articles could be interpreted

04

## "Traders"

Deals with "Traders" - defined as body corporate or physical person (French / Egyptian approach)

05

## Exclusions

New Insolvency Law excludes:

- individuals;
- government entities - but not corporates owned by the government; and
- certain financial free zones (DIFC & ADGM)

# Financial restructuring – anticipated impact

**Often no consensus**

**Long restructuring negotiations**

**No deals**

**Amend & extend**

## **Objectives of the new insolvency law**

**Majority is required**

**Shorter restructuring negotiations**

**Deals**

**Traditional restructuring**

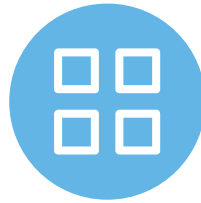


# Financial restructuring - critical success factors

To ensure maximum value is retained for all stakeholders it is important to maintain credibility throughout the process



**Robust  
business plan**



**Clear and  
coherent options**



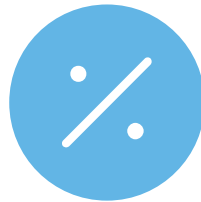
**Performance  
and strategy**



**Availability of  
cash**



**Stakeholder  
management**



**Interest  
pricing**



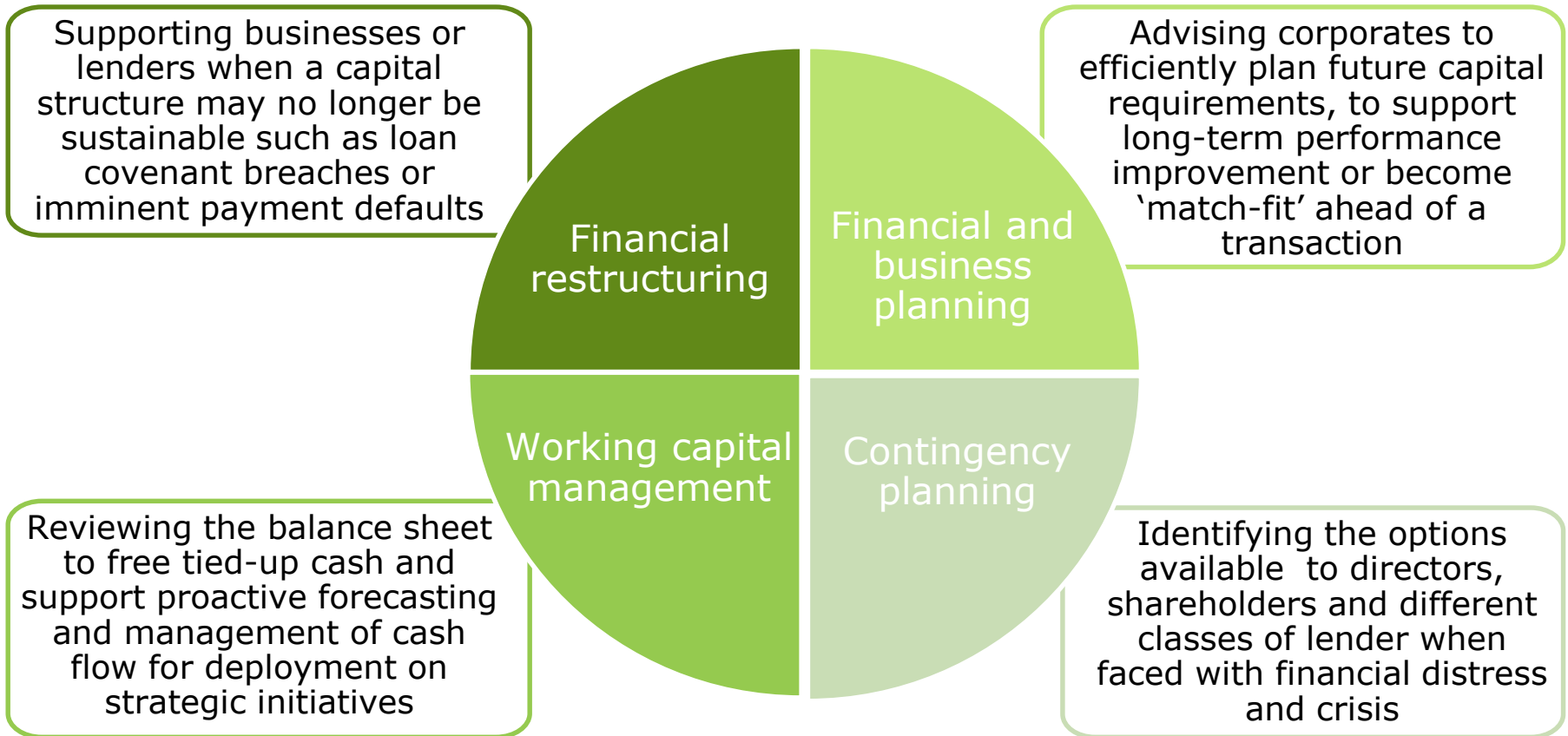
**Treasury  
management**



**Relationships**

# What we do

We are experts in advising on a broad range of complex financial situations to create a long-lasting positive impact for all stakeholders involved





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